

EXERCISE USE ONLY
TEST Notice of Sale
Northeast Home Heating Oil Reserve

Posted November 26, 2003

To Prospective Purchasers:

On December 1, 2003, the President authorized the Secretary of Energy to conduct a sale of heating oil from the U.S. Government's Northeast Home Heating Oil Reserve in accordance with Title II of the Energy Act of 2000 (Public Law 106-469). You are invited to submit **simulated** bids to the U.S. Department of Energy to purchase portions of this heating oil.

Bids must be received by the Department between 10:30 a.m. and 12:00 p.m., eastern time, Wednesday, December 3, 2003.

The **simulated** sale will be competitive, with quantities of heating oil awarded according to price as contained in the bids. More detailed guidelines for the sale can be found in:

- a. the Department of Energy's Petroleum Distillate Sales Provisions (PDSP) which are available from the DOE Northeast Home Heating Oil Reserve web site at: <http://www.fossil.energy.gov/heatingoil/auction/salesprovisions.pdf> ; and
- b. the DOE Northeast Heating Oil Distribution Plan which contains specific information for each heating oil terminal and can be obtained from the DOE Home Heating Oil Reserve web site at: <http://www.fossil.energy.gov/heatingoil/auction/distributionplan.pdf> .

This Notice of Sale contains:

- a. specific terms and conditions of the sale, and
- b. instructions for preparing and submitting bids.

Specific Terms and Conditions of Sale

1. The Department of Energy is offering 2 million barrels of heating oil for sale with delivery to successful bidders over a 10-day delivery period commencing December 5, 2003. Deliveries may begin earlier, provided that the Department has received payment for the heating oil. Heating oil is offered at the following locations:

Location	Quantity (MB)	
New York Harbor	1000	
Bayonne Terminal		200
First Reserve Terminal		400
Newark Terminal		200
Port Reading Terminal		200
New England	1000	
Motiva, New Haven, CT		250
Magellan, New Haven, CT		500
Motiva, Providence, RI		250

2. The commodity to be sold is heating oil conforming to the specifications set forth in Exhibit B of the PDSPs.
3. In accordance with PDSP B.17, the bidder will state the quantity of barrels desired (minimum 50,000, or multiples thereof) and the corresponding unit price per gallon, expressed as a premium to the New York Mercantile Exchange (NYMEX) near month closing price for heating oil on the day of the bidding. For this Notice of Sale, the day of **simulated** bidding is December 3, 2003.
4. Pursuant to the Energy Act of 2000, the Secretary may not sell the heating oil for less than the fair market value, or with a loss of revenue or value to the United States.
5. Pursuant to the Energy Act of 2000, "[t]he Secretary shall only sell . . . the oil in the Reserve to entities customarily engaged in the sale and distribution of petroleum distillate." By submission of a bid, a bidder certifies that he meets this requirement.
6. No bidder, including affiliates, if any, will be awarded more than 40 percent of the heating oil offered at any one geographical location. For the purposes of this sale, the geographical locations are New York Harbor and New England (terminals in New Haven, CT and Providence, RI). Parent company, if any, must be identified in the line provided on DOE Heating Oil Reserve Registration Form.
7. Bidders are advised that the Secretary of the Treasury has issued a general ("blanket") waiver of the "Jones Act" for marine delivery of heating oil sold under this sale. However, notification of non-U.S. flag vessel use must be provided as stated in PDSP C.3.
8. In accordance with PDSP B.9, each bidder must submit a bid guarantee of \$250,000 by wire transfer of funds to the U.S. Treasury. Bid guarantees must be received no later than 11:30 am EST, December 3, 2003. (**Note: See 10. below.**) Information needed by the Government for return of bid guarantees to unsuccessful bidders can be entered on the bidder registration page at the auction site:
<http://www.fossil.energy.gov/heatingoil/auction>
9. Heating oil sold from the Northeast Home Heating Oil Reserve will be delivered on a prepaid basis only. Successful bidders are required to wire payment to the U.S. Treasury within 48 hours after notification of award or prior to taking delivery if less than 48 hours.
10. **Simulated bid guarantees** must be wired to the U.S. Treasury, **by means of e-mail to:**

sprfinance@spr.doe.gov

Include in the e-mail, in order:

UserName (identical to the UserName used to submit your electronic bid)

Northeast Home Heating Oil Reserve

Notice of Sale Number *DE-FB01- DEC03TEST*

Your company name

Company address

Instructions for Submitting Bids

Purchasers must submit their **simulated** bids using the pages posted at <http://www.fossil.energy.gov/heatingoil/auction> . Bids are to be submitted by entering UserName and password with the "Logon" option, and entering desired quantities and prices with the "Bid" option. Users may continue to submit bids until the time remaining on the auction page is exhausted.

Point of Contact

Should you have any questions on this **simulated** Notice of Sale, please contact Nancy Marland at (202) 586-4691 or HeatingOil@hq.doe.gov .